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October 30, 2014

Mr. Jeff R. Derouen, Executive Director  
Public Service Commission  
PO Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

OCT 30 2014  
PUBLIC SERVICE  
COMMISSION

RE: PSC Case No. 2014-00051

Dear Mr. Derouen:

Please find enclosed an original and six copies of the response to the Commission Staff's Fourth Request for Information to East Kentucky Power Cooperative Inc.'s Sixteen Member Distribution Cooperatives order of October 14, 2014.

Please let me know if additional information is needed.

Respectfully,

*Michelle D. Herrman*

Michelle D. Herrman  
Vice President of Finance

MDH:ak

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

OCT 30 2014

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIROMENTAL )  
SURCHARGE MECHANISM OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR THE SIX )  
MONTH BILLING PERIOD ENDING )  
DECEMBER 31, 2013 AND THE PASS THROUGH )  
MECHANISM FOR ITS SIXTEEN MEMBER )  
DISTRIBUTION COOPERATIVES )

PUBLIC SERVICE  
COMMISSION

CASE NO.  
2014-00051

CERTIFICATE

STATE OF KENTUCKY

COUNTY OF PULASKI

Michelle D. Herrman, being duly sworn, states that she has supervised the preparation of the Responses of South Kentucky RECC to the Public Service Commission Staff's Fourth Data Request for Information contained in the above-referenced case dated October 14, 2014, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Michelle D. Herrman

Subscribed and sworn before me on the 30<sup>th</sup> day of October, 2014.

Ann D. Oester  
Notary Public

My commission expires July 16, 2018.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE

PSC CASE NO. 2014-00051

ENVIRONMENTAL SURCHARGE MECHANISM

RESPONSE TO COMMISSION STAFF'S FOURTH REQUEST

FOR INFORMATION DATED OCTOBER 14, 2014

**Request 1**

This question is addressed to each of the 16 member distribution cooperatives. Confirm that the requested amortization period for the over- or under- recovery amounts determined in the response to September 4, 2014 informal conference information request is six months.

**Response**

South Kentucky requests a six month amortization.

SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE

PSC CASE NO. 2014-00051

ENVIRONMENTAL SURCHARGE MECHANISM

RESPONSE TO COMMISSION STAFF'S FOURTH REQUEST

FOR INFORMATION DATED OCTOBER 14, 2014

**Request 3**

This question is addressed to South Kentucky.

**Request 3a**

Refer to page 12 of the direct testimony of Michelle D. Herrman ("Herrman Testimony"). Provide a revised over- or under-recovery calculation eliminating the balance since inception amount.

**Response**

Please see Item 3, page 2 of this response.

**Request 3b**

Provide the dollar impact the over- or under-recovery amount determined in 3.a. will have on the average residential customer's monthly bill for the requested amortization period. Provide all supporting calculations.

**Response**

Please see Item 3, pages 3-5.

**South Kentucky RECC - Proposed Calculation of (Over)/Under Eliminating the Balance Since Inception & with Amortizations Removed**

	EKPC Invoice Recorded on Member's Books	Amortization of Previous (Over)/Under Recoveries		Net EKPC Invoice and Amortization of Previous (Over)/Under Recoveries	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
		CN 2012-00486	CN 2013-00140				
		(1)	(2)				
June 2009						\$ 535,927	\$ 535,927
Jul-13	\$ 1,121,811			\$1,121,811	\$1,216,380	\$ (94,569)	\$ 441,358
Aug-13	\$ 1,041,807			\$1,041,807	\$1,170,195	\$ (128,388)	\$ 312,970
Sep-13	\$ 890,975	\$ (288,417)		\$ 602,558	\$ 757,959	\$ (155,401)	\$ 157,569
Oct-13	\$ 842,623	\$ (288,417)	\$ 28,228	\$ 582,434	\$ 643,795	\$ (61,361)	\$ 96,208
Nov-13	\$ 1,199,649	\$ (288,417)	\$ 28,228	\$ 939,460	\$ 695,562	\$ 243,898	\$ 340,106
Dec-13	\$ 1,482,101	\$ (288,417)	\$ 28,228	\$1,221,912	\$ 985,851	\$ 236,061	\$ 576,167
Jan-14	\$ 1,652,665	\$ (288,417)	\$ 28,228	\$1,392,476	\$1,261,004	\$ 131,472	\$ 707,639
Feb-14	\$ 980,590	\$ (288,417)	\$ 28,228	\$ 720,401	\$1,175,961	\$ (455,560)	\$ 252,079

Cumulative 6-months (Over)/Under Recovery	\$ 576,167
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Monthly Recovery (per month for six months)	\$ 96,028
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Witness: Michelle Herrman

## South Kentucky RECC Impact on Average Residential Consumer's Bill

Average Residential Account:	<b>Actual</b>	
	<u>Rate</u>	<u>Bill Amount</u>
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08543	
kWh Average Monthly Usage	1,077	\$92.01
Fuel Adjustment	-\$0.00390	-\$4.20
		\$100.63
*Environmental Monthly Charge	<b>7.82%</b>	\$7.87
School Tax	3.00%	\$3.25
<b>Total Monthly Bill</b>		<b>\$111.75</b>

Average Residential Account:	<b>6 Month Recovery</b>	
	<u>Rate</u>	<u>Bill Amount</u>
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08543	
kWh Average Monthly Usage	1,077	\$92.01
Fuel Adjustment	-\$0.00390	-\$4.20
		\$100.63
*Environmental Monthly Charge	<b>8.83%</b>	\$8.89
School Tax	3.00%	\$3.29
<b>Total Monthly Bill</b>		<b>\$112.81</b>
	<b>Impact</b>	<b>\$1.06</b>

\*Based on Rates on Page 4 & 5.

Additional Monthly Recovery of \$96,028 for six months

Over Recovery \$576,167/6

**East Kentucky Power Cooperative, Inc. - Distribution Cooperatives  
Pass Through Mechanism Report for South Kentucky RECC**

**For the Month Ending February 2014**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to South Kentucky	On-peak Revenue Adjustment	EKPC Net Monthly Sales to South Kentucky	EKPC 12-months Ended Average Monthly Revenue from Sales to South Kentucky	South Kentucky Revenue Requirement	Amortization of (Over)/Under Recovery	South Kentucky Net Revenue Requirement	South Kentucky Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	South Kentucky Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	South Kentucky Pass Through Mechanism Factor
	Col. (1) - Col. (2)					Col. (4) - Col. (5)				Col. (8) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Sep-11	12.01%	0.00%	12.01%	\$ 5,845,122		\$ 5,845,122	\$ 6,915,662	\$ 830,571	\$ 260,165	\$ 1,090,736	\$ 9,536,854		\$ 9,536,854	\$ 9,352,003	11.64%
Oct-11	14.85%	0.00%	14.85%	\$ 5,673,946		\$ 5,673,946	\$ 7,006,173	\$ 1,040,417	\$ 260,165	\$ 1,300,582	\$ 7,318,628		\$ 7,318,628	\$ 9,351,070	13.91%
Nov-11	15.11%	0.00%	15.11%	\$ 6,632,354		\$ 6,632,354	\$ 7,099,874	\$ 1,072,791	\$ 260,165	\$ 1,332,956	\$ 8,039,947		\$ 8,039,947	\$ 9,404,788	14.25%
Dec-11	14.21%	0.00%	14.21%	\$ 7,829,382		\$ 7,829,382	\$ 6,933,485	\$ 985,248	\$ 260,165	\$ 1,245,413	\$ 9,438,041		\$ 9,438,041	\$ 9,402,480	13.24%
Jan-12	12.09%	0.00%	12.09%	\$ 8,445,069		\$ 8,445,069	\$ 6,786,606	\$ 820,501	\$ -	\$ 820,501	\$ 11,260,653		\$ 11,260,653	\$ 9,288,986	8.73%
Feb-12	10.78%	0.00%	10.78%	\$ 7,494,679		\$ 7,494,679	\$ 6,735,803	\$ 726,120	\$ -	\$ 726,120	\$ 10,885,650		\$ 10,885,650	\$ 9,064,730	7.82%
Mar-12	12.92%	0.00%	12.92%	\$ 5,833,422		\$ 5,833,422	\$ 6,683,282	\$ 863,480	\$ -	\$ 863,480	\$ 9,070,418		\$ 9,070,418	\$ 8,986,989	9.53%
Apr-12	14.94%	0.00%	14.94%	\$ 5,039,236		\$ 5,039,236	\$ 6,654,446	\$ 994,174	\$ -	\$ 994,174	\$ 7,707,437		\$ 7,707,437	\$ 8,892,189	11.06%
May-12	16.90%	0.00%	16.90%	\$ 5,774,776		\$ 5,774,776	\$ 6,674,610	\$ 1,128,009	\$ -	\$ 1,128,009	\$ 7,695,942		\$ 7,695,942	\$ 8,941,421	12.69%
Jun-12	15.55%	0.00%	15.55%	\$ 6,377,242		\$ 6,377,242	\$ 6,651,811	\$ 1,034,357	\$ -	\$ 1,034,357	\$ 8,221,562		\$ 8,221,562	\$ 8,943,727	11.57%
Jul-12	14.51%	0.00%	14.51%	\$ 7,269,717		\$ 7,269,717	\$ 6,630,839	\$ 962,135	\$ -	\$ 962,135	\$ 9,657,844		\$ 9,657,844	\$ 9,091,963	10.76%
Aug-12	14.13%	0.00%	14.13%	\$ 6,554,562		\$ 6,554,562	\$ 6,564,126	\$ 927,511	\$ -	\$ 927,511	\$ 9,929,869		\$ 9,929,869	\$ 9,063,570	10.20%
Sep-12	16.23%	0.00%	16.23%	\$ 5,681,667		\$ 5,681,667	\$ 6,550,504	\$ 1,063,147	\$ -	\$ 1,063,147	\$ 8,915,852		\$ 8,915,852	\$ 9,011,820	11.73%
Oct-12	17.57%	0.00%	17.57%	\$ 5,651,327		\$ 5,651,327	\$ 6,548,619	\$ 1,150,592	\$ -	\$ 1,150,592	\$ 7,396,071		\$ 7,396,071	\$ 9,018,274	12.77%
Nov-12	18.23%	0.00%	18.23%	\$ 7,240,850		\$ 7,240,850	\$ 6,599,327	\$ 1,203,057	\$ -	\$ 1,203,057	\$ 8,801,431		\$ 8,801,431	\$ 9,081,731	13.34%
Dec-12	14.61%	0.00%	14.61%	\$ 7,914,412		\$ 7,914,412	\$ 6,606,413	\$ 965,197	\$ -	\$ 965,197	\$ 9,605,115		\$ 9,605,115	\$ 9,095,654	10.63%
Jan-13	13.49%	0.00%	13.49%	\$ 8,687,605		\$ 8,687,605	\$ 6,626,625	\$ 893,932	\$ -	\$ 893,932	\$ 11,917,064		\$ 11,917,064	\$ 9,150,355	9.83%
Feb-13	12.61%	0.00%	12.61%	\$ 7,993,024		\$ 7,993,024	\$ 6,668,153	\$ 840,854	\$ -	\$ 840,854	\$ 12,507,964		\$ 12,507,964	\$ 9,285,547	9.19%
Mar-13	14.37%	0.00%	14.37%	\$ 8,229,515		\$ 8,229,515	\$ 6,867,828	\$ 986,907	\$ -	\$ 986,907	\$ 10,651,391		\$ 10,651,391	\$ 9,417,295	10.63%
Apr-13	14.27%	0.00%	14.27%	\$ 5,856,204		\$ 5,856,204	\$ 6,935,908	\$ 989,754	\$ -	\$ 989,754	\$ 10,003,319		\$ 10,003,319	\$ 9,608,619	10.51%
May-13	17.97%	0.00%	17.97%	\$ 5,862,754		\$ 5,862,754	\$ 6,943,240	\$ 1,247,700	\$ -	\$ 1,247,700	\$ 7,640,542		\$ 7,640,542	\$ 9,604,002	12.99%
Jun-13	17.09%	0.00%	17.09%	\$ 6,435,598		\$ 6,435,598	\$ 6,948,103	\$ 1,187,431	\$ -	\$ 1,187,431	\$ 8,393,400		\$ 8,393,400	\$ 9,618,322	12.36%
Jul-13	15.77%	0.00%	15.77%	\$ 6,564,126		\$ 6,564,126	\$ 6,889,304	\$ 1,086,443	\$ (288,417)	\$ 798,026	\$ 9,363,789		\$ 9,363,789	\$ 9,593,817	8.30%
Aug-13	15.49%	0.00%	15.49%	\$ 6,606,279		\$ 6,606,279	\$ 6,893,613	\$ 1,067,821	\$ (260,189)	\$ 807,632	\$ 9,466,625		\$ 9,466,625	\$ 9,555,214	8.42%
Sep-13	14.93%	0.00%	14.93%	\$ 5,751,961		\$ 5,751,961	\$ 6,899,471	\$ 1,030,091	\$ (260,189)	\$ 769,902	\$ 9,129,819		\$ 9,129,819	\$ 9,573,044	8.06%
Oct-13	16.69%	0.00%	16.69%	\$ 5,643,820		\$ 5,643,820	\$ 6,898,846	\$ 1,151,417	\$ (260,189)	\$ 891,228	\$ 7,646,594		\$ 7,646,594	\$ 9,593,921	9.31%
Nov-13	17.43%	0.00%	17.43%	\$ 7,187,844		\$ 7,187,844	\$ 6,894,429	\$ 1,201,699	\$ (260,189)	\$ 941,510	\$ 8,629,346		\$ 8,629,346	\$ 9,579,581	9.81%
Dec-13	14.54%	0.00%	14.54%	\$ 8,503,162		\$ 8,503,162	\$ 6,943,491	\$ 1,009,584	\$ (260,189)	\$ 749,395	\$ 10,585,938		\$ 10,585,938	\$ 9,661,316	7.82%
Jan-14	10.92%	0.00%	10.92%	\$ 11,366,310		\$ 11,366,310	\$ 7,166,716	\$ 782,605	\$ 28,228	\$ 810,833	\$ 12,851,992		\$ 12,851,992	\$ 9,739,227	8.39%
Feb-14	5.44%	0.00%	5.44%	\$ 8,979,796		\$ 8,979,796	\$ 7,248,947	\$ 394,343	\$ -	\$ 394,343					4.05%

**Notes:**

South Kentucky Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues. Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Witness: Michelle Herman

**East Kentucky Power Cooperative, Inc. - Distribution Cooperatives  
Pass Through Mechanism Report for South Kentucky RECC**

**For the Month Ending February 2014**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to South Kentucky	On-peak Revenue Adjustment	EKPC Net Monthly Sales to South Kentucky	EKPC 12-months Ended Average Monthly Revenue from Sales to South Kentucky	South Kentucky Revenue Requirement	Amortization of (Over)/Under Recovery	South Kentucky Net Revenue Requirement	South Kentucky Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	South Kentucky Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	South Kentucky Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (3) x Col. (7)		Col. (8) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Sep-11	12.01%	0.00%	12.01%	\$ 5,845,122		\$ 5,845,122	\$ 6,915,662	\$ 830,571	\$ 260,165	\$ 1,090,736	\$ 9,536,854		\$ 9,536,854	\$ 9,352,003	11.64%
Oct-11	14.85%	0.00%	14.85%	\$ 5,673,946		\$ 5,673,946	\$ 7,006,173	\$ 1,040,417	\$ 260,165	\$ 1,300,582	\$ 7,318,628		\$ 7,318,628	\$ 9,351,070	13.91%
Nov-11	15.11%	0.00%	15.11%	\$ 6,632,354		\$ 6,632,354	\$ 7,099,874	\$ 1,072,791	\$ 260,165	\$ 1,332,956	\$ 8,039,947		\$ 8,039,947	\$ 9,404,788	14.25%
Dec-11	14.21%	0.00%	14.21%	\$ 7,829,382		\$ 7,829,382	\$ 6,933,485	\$ 985,248	\$ 260,165	\$ 1,245,413	\$ 9,438,041		\$ 9,438,041	\$ 9,402,480	13.24%
Jan-12	12.09%	0.00%	12.09%	\$ 8,445,069		\$ 8,445,069	\$ 6,786,606	\$ 820,501	\$ -	\$ 820,501	\$ 11,260,653		\$ 11,260,653	\$ 9,288,986	8.73%
Feb-12	10.78%	0.00%	10.78%	\$ 7,494,679		\$ 7,494,679	\$ 6,735,803	\$ 726,120	\$ -	\$ 726,120	\$ 10,885,650		\$ 10,885,650	\$ 9,064,730	7.82%
Mar-12	12.92%	0.00%	12.92%	\$ 5,833,422		\$ 5,833,422	\$ 6,683,282	\$ 863,480	\$ -	\$ 863,480	\$ 9,070,418		\$ 9,070,418	\$ 8,986,989	9.53%
Apr-12	14.94%	0.00%	14.94%	\$ 5,039,236		\$ 5,039,236	\$ 6,654,446	\$ 994,174	\$ -	\$ 994,174	\$ 7,707,437		\$ 7,707,437	\$ 8,892,189	11.06%
May-12	16.90%	0.00%	16.90%	\$ 5,774,776		\$ 5,774,776	\$ 6,674,610	\$ 1,128,009	\$ -	\$ 1,128,009	\$ 7,695,942		\$ 7,695,942	\$ 8,941,421	12.69%
Jun-12	15.55%	0.00%	15.55%	\$ 6,377,242		\$ 6,377,242	\$ 6,651,811	\$ 1,034,357	\$ -	\$ 1,034,357	\$ 8,221,562		\$ 8,221,562	\$ 8,943,727	11.57%
Jul-12	14.51%	0.00%	14.51%	\$ 7,269,717		\$ 7,269,717	\$ 6,630,839	\$ 962,135	\$ -	\$ 962,135	\$ 9,657,844		\$ 9,657,844	\$ 9,091,963	10.76%
Aug-12	14.13%	0.00%	14.13%	\$ 6,554,562		\$ 6,554,562	\$ 6,564,126	\$ 927,511	\$ -	\$ 927,511	\$ 9,929,869		\$ 9,929,869	\$ 9,063,570	10.20%
Sep-12	16.23%	0.00%	16.23%	\$ 5,681,667		\$ 5,681,667	\$ 6,550,504	\$ 1,063,147	\$ -	\$ 1,063,147	\$ 8,915,852		\$ 8,915,852	\$ 9,011,820	11.73%
Oct-12	17.57%	0.00%	17.57%	\$ 5,651,327		\$ 5,651,327	\$ 6,548,619	\$ 1,150,592	\$ -	\$ 1,150,592	\$ 7,396,071		\$ 7,396,071	\$ 9,018,274	12.77%
Nov-12	18.23%	0.00%	18.23%	\$ 7,240,850		\$ 7,240,850	\$ 6,599,327	\$ 1,203,057	\$ -	\$ 1,203,057	\$ 8,801,431		\$ 8,801,431	\$ 9,081,731	13.34%
Dec-12	14.61%	0.00%	14.61%	\$ 7,914,412		\$ 7,914,412	\$ 6,606,413	\$ 965,197	\$ -	\$ 965,197	\$ 9,605,115		\$ 9,605,115	\$ 9,095,654	10.63%
Jan-13	13.49%	0.00%	13.49%	\$ 8,687,605		\$ 8,687,605	\$ 6,626,625	\$ 893,932	\$ -	\$ 893,932	\$ 11,917,064		\$ 11,917,064	\$ 9,150,355	9.83%
Feb-13	12.61%	0.00%	12.61%	\$ 7,993,024		\$ 7,993,024	\$ 6,668,153	\$ 840,854	\$ -	\$ 840,854	\$ 12,507,964		\$ 12,507,964	\$ 9,285,547	9.19%
Mar-13	14.37%	0.00%	14.37%	\$ 8,229,515		\$ 8,229,515	\$ 6,867,828	\$ 986,907	\$ -	\$ 986,907	\$ 10,651,391		\$ 10,651,391	\$ 9,417,295	10.63%
Apr-13	14.27%	0.00%	14.27%	\$ 5,856,204		\$ 5,856,204	\$ 6,935,908	\$ 989,754	\$ -	\$ 989,754	\$ 10,003,319		\$ 10,003,319	\$ 9,608,619	10.51%
May-13	17.97%	0.00%	17.97%	\$ 5,862,754		\$ 5,862,754	\$ 6,943,240	\$ 1,247,700	\$ -	\$ 1,247,700	\$ 7,640,542		\$ 7,640,542	\$ 9,604,002	12.99%
Jun-13	17.09%	0.00%	17.09%	\$ 6,435,598		\$ 6,435,598	\$ 6,948,103	\$ 1,187,431	\$ -	\$ 1,187,431	\$ 8,393,400		\$ 8,393,400	\$ 9,618,322	12.36%
Jul-13	15.77%	0.00%	15.77%	\$ 6,564,126		\$ 6,564,126	\$ 6,889,304	\$ 1,086,443	\$ (288,417)	\$ 798,026	\$ 9,363,789		\$ 9,363,789	\$ 9,593,817	8.30%
Aug-13	15.49%	0.00%	15.49%	\$ 6,606,279		\$ 6,606,279	\$ 6,893,613	\$ 1,067,821	\$ (260,189)	\$ 807,632	\$ 9,466,625		\$ 9,466,625	\$ 9,555,214	8.42%
Sep-13	14.93%	0.00%	14.93%	\$ 5,751,961		\$ 5,751,961	\$ 6,899,471	\$ 1,030,091	\$ (260,189)	\$ 769,902	\$ 9,129,819		\$ 9,129,819	\$ 9,573,044	8.06%
Oct-13	16.69%	0.00%	16.69%	\$ 5,643,820		\$ 5,643,820	\$ 6,898,846	\$ 1,151,417	\$ (260,189)	\$ 891,228	\$ 7,646,594		\$ 7,646,594	\$ 9,593,921	9.31%
Nov-13	17.43%	0.00%	17.43%	\$ 7,187,844		\$ 7,187,844	\$ 6,894,429	\$ 1,201,699	\$ (260,189)	\$ 941,510	\$ 8,629,346		\$ 8,629,346	\$ 9,579,581	9.81%
Dec-13	14.54%	0.00%	14.54%	\$ 8,503,162		\$ 8,503,162	\$ 6,943,491	\$ 1,009,584	\$ (164,161)	\$ 845,423	\$ 10,585,938		\$ 10,585,938	\$ 9,661,316	8.83%
Jan-14	10.92%	0.00%	10.92%	\$ 11,366,310		\$ 11,366,310	\$ 7,166,716	\$ 782,605	\$ 28,228	\$ 810,833	\$ 12,851,992		\$ 12,851,992	\$ 9,739,227	8.39%
Feb-14	5.44%	0.00%	5.44%	\$ 8,979,796		\$ 8,979,796	\$ 7,248,947	\$ 394,343	\$ -	\$ 394,343					4.05%

**Notes:**

South Kentucky Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues. Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

	Monthly Amortization
Case 2012-00486	(\$288,417)
Case 2013-00140	\$28,228
Case 2014-00051	\$96,028
Monthly Total Amount	(\$164,161)

Witness: Michelle Herrman

**Request 3c**

Refer to page 12 of the Herrman Testimony. Explain the rationale for including the amortizations resulting from Case Nos. 2012-00486 and 2013-00140 in the accumulative over- or under- recovery amount from July 2005- June 2013.

**Response**

In our response to the Commission's data request arising from the informal conference of September 4, 2014, South Kentucky included a Since Inception Reporting Model without the Case amortizations on page 11 of the Herrman Testimony and an alternative Since Inception Reporting Model with the Case amortizations on page 12 of the Herrman Testimony. Both models result in the same outcome, an under- recovery at December 2013 of \$881,647. South Kentucky included the alternative Since Inception Reporting Model with amortizations to try to align more closely with the reporting model that the other member cooperatives provided.

Additionally, we believe that at a point in the future there needs to be a reporting mechanism that accounts for the amortizations of the prior case (over)/under recoveries.

**Request 3d**

Refer to page 10 of the Herrman Testimony. Clarify whether the first sentence is a request for South Kentucky to be allowed to use the Since Inception Model in this proceeding only, but not in future review proceedings.

**Response**

Originally, South Kentucky viewed the Since Inception Model to be necessary for only this proceeding review period; however, upon further evaluation South Kentucky believes that the Since Inception Model should be utilized until the amortizations of Case Nos. 2012-00486, 2013-00140 and 2013-00324 are completed.

At the end of December 2013, which corresponds to the end of the current review period, two months of amortization remained for Case 2012-00486, three months remained for Case 2013-00140 and the full amortization of Case 2013-00324 remained. These case (over)/ under

recovery amounts are based on periods that include the Since Inception time period of July 2005 to December 2013. Included below is an excerpt of our response to the Commission Staff's Request for Information from the Informal Conference held on June 18, 2014, dated June 26, 2014, depicting South Kentucky's (over)/under recovery amount since inception.

Accounting Period	Power Bill Date	EKPC (power bills)	South Kentucky (billed to mems)	monthly	(over)/under cumulative	
January-11	January-11	\$1,501,542	\$1,388,310	\$113,232	\$1,807,556	
February-11	February-11	\$524,348	\$1,471,920	(\$947,572)	\$859,984	
March-11	March-11	\$416,910	\$470,854	(\$53,944)	\$806,040	
April-11	April-11	\$624,157	\$410,889	\$213,268	\$1,019,309	
May-11	May-11	\$694,912	\$584,693	\$110,219	\$1,129,527	
June-11	June-11	\$954,390	\$753,399	\$200,991	\$1,330,518	
July-11	July-11	\$1,052,243	\$833,082	\$219,161	\$1,549,679	
August-11	August-11	\$967,198	\$1,057,825	(\$90,627)	\$1,459,052	
September-11	September-11	\$659,332	\$1,184,030	(\$524,698)	\$934,354	
October-11	October-11	\$681,438	\$813,822	(\$132,384)	\$801,971	
November-11	November-11	\$984,904	\$936,139	\$48,765	\$850,736	
December-11	December-11	\$1,183,019	\$1,312,987	(\$129,968)	\$720,767	
January-12	January-12	\$1,200,047	\$1,604,735	(\$404,688)	\$316,079	
February-12	February-12	\$906,106	\$1,441,105	(\$534,999)	(\$218,920)	Order final on 8/2/13
March-12	March-12	\$628,844	\$791,881	(\$163,037)	(\$381,957)	Cumulative 18-month
April-12	April-12	\$651,068	\$602,691	\$48,377	(\$333,580)	(Over)/Under Recovery
May-12	May-12	\$862,747	\$733,731	\$129,016	(\$204,564)	\$ (1,730,504)
June-12	June-12	\$1,077,755	\$909,371	\$168,384	(\$36,180)	Case No. 2012-00486
July-12	July-12	\$1,130,920	\$1,225,637	(\$94,717)	(\$130,897)	
August-12	August-12	\$951,065	\$1,148,986	(\$197,921)	(\$328,819)	Order final on 9/17/13
September-12	September-12	\$802,819	\$959,478	(\$156,659)	(\$485,478)	Cumulative 6-month
October-12	October-12	\$917,209	\$754,425	\$162,784	(\$322,694)	(Over)/Under Recovery
November-12	November-12	\$1,272,217	\$1,032,502	\$239,715	(\$82,979)	\$ 169,367
December-12	December-12	\$1,442,801	\$1,226,635	\$216,166	\$133,187	Case No. 2013-00140
January-13	January-13	\$1,269,258	\$1,589,913	(\$320,655)	(\$187,468)	
February-13	February-13	\$1,078,259	\$1,329,661	(\$251,402)	(\$438,870)	Order final on 3/21/14
March-13	March-13	\$1,037,739	\$1,047,048	(\$9,309)	(\$448,179)	Cumulative 6-month
April-13	April-13	\$841,539	\$919,482	(\$77,943)	(\$526,122)	(Over)/Under Recovery
May-13	May-13	\$836,616	\$812,306	\$24,310	(\$501,812)	(360,764)
June-13	June-13	\$1,156,480	\$882,245	\$274,235	(\$227,577)	Case No. 2013-00324
July-13	July-13	\$1,121,811	\$1,216,380	(\$94,569)	(\$322,146)	
August-13	August-13	\$1,041,807	\$1,170,195	(\$128,388)	(\$450,534)	
September-13	September-13	\$890,975	\$757,959	\$133,016	(\$317,518)	Cumulative 6-month
October-13	October-13	\$842,623	\$643,795	\$198,828	(\$118,690)	(Over)/Under Recovery
November-13	November-13	\$1,199,649	\$695,562	\$504,087	\$385,397	1,109,224
December-13	December-13	\$1,482,101	\$985,851	\$496,250	\$881,647	Case No. 2014-00051

Witness: Michelle Herrman

The pending case amounts are included in South Kentucky's since inception amount of \$881,647. If an adjustment is not incorporated into the future case proceedings that incorporates the remaining ordered recoveries of 2012-00486, 2013-00140 and 2013-00324, a large under recovery will remain. This is illustrated below.

<b>Effect of Case Amortizations on Future Revenues</b>		
Case 2012-00486 Remaining Amortization at December 2013	To be removed	\$576,834
Case 2013-00140 Remaining Amortization at December 2013	To be added	(\$84,684)
Case 2013-00324 Remaining Amortization at December 2013	To be removed	\$360,762
	Net reduction	
	to Revenue	\$852,912
The net reduction combined with the Since Inception under recovery results in a net under recovery of \$1,734,559. (881,647+ 852,912)		

Continuing with the above illustration and utilizing actual data through September 2014 the following would result using the exclusion of amortization model.

Mo/Yr	Invoice Month recorded Member's Books	Remove Amortization of Previous (Over)/Under Recoveries			Net EKPC Invoice	Retail Consumer & recorded on Member's Books	(Over) or Under	Cumulative (Over) or Under
		CN 2012-00486	CN 2013-00140	CN 2013-00324				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Since Inception July 2005- December 2013								\$ 881,647
Jan-14	\$ 1,652,665	\$ (288,417)	\$ 28,228		\$ 1,392,476	\$ 1,261,004	\$ 131,472	\$ 1,013,119
Feb-14	\$ 980,590	\$ (288,417)	\$ 28,228		\$ 720,401	\$ 1,175,961	\$ (455,560)	\$ 557,559
Mar-14	\$ 451,562		\$ 28,228		\$ 479,790	\$ 930,632	\$ (450,842)	\$ 106,717
Apr-14	\$ 686,917				\$ 686,917	\$ 386,603	\$ 300,314	\$ 407,030
May-14	\$ 807,073			\$ (60,127)	\$ 746,946	\$ 613,201	\$ 133,745	\$ 540,775
Jun-14	\$ 1,076,973			\$ (60,127)	\$ 1,016,846	\$ 816,687	\$ 200,159	\$ 740,935
Jul-14	\$ 1,100,931			\$ (60,127)	\$ 1,040,804	\$ 1,062,407	\$ (21,603)	\$ 719,332
Aug-14	\$ 1,023,226			\$ (60,127)	\$ 963,099	\$ 1,033,078	\$ (69,979)	\$ 649,352
Sep-14	\$ 767,671			\$ (60,127)	\$ 707,544	\$ 964,371	\$ (256,827)	\$ 392,525

The result for the period of January 2014 to September 2014 excluding the amortization amounts for previous (over)/under recoveries is an over recovery of \$489,122 (\$881,647-\$392,525). This combined with the Since Inception under recovery of \$881,647 results in a net under recovery of \$392,525.

However, the actual Since Inception under recovery recognized using the invoice amounts compared to the consumer billing amounts through the end of this period is \$1,185,310, illustrated as follows:

	EKPC Invoice Month recorded	Billed to Retail Consumer & recorded on		Cumulative
	Member's Books	Member's Books	(Over) or Under	(Over) or Under
Mo/Yr	(1)	(2)	(3)	(4)
Since Inception Under Recovery				\$ 881,647
Jan-14	\$ 1,652,665	\$ 1,261,004	\$ 391,661	\$ 1,273,308
Feb-14	\$ 980,590	\$ 1,175,961	\$ (195,371)	\$ 1,077,937
Mar-14	\$ 451,562	\$ 930,632	\$ (479,070)	\$ 598,867
Apr-14	\$ 686,917	\$ 386,603	\$ 300,314	\$ 899,180
May-14	\$ 807,073	\$ 613,201	\$ 193,872	\$ 1,093,052
Jun-14	\$ 1,076,973	\$ 816,687	\$ 260,286	\$ 1,353,339
Jul-14	\$ 1,100,931	\$ 1,062,407	\$ 38,524	\$ 1,391,863
Aug-14	\$ 1,023,226	\$ 1,033,078	\$ (9,852)	\$ 1,382,010
Sep-14	\$ 767,671	\$ 964,371	\$ (196,700)	\$ 1,185,310

Thus, the remaining case amortizations are impacting the Since Inception amount and would need to be incorporated into the future review periods that include the remaining amortization periods of Case Nos. 2012-00486, 2013-00140 and 2013-00324.

Alternatively, if the Since Inception Model is utilized in this proceeding only and not in future proceedings, South Kentucky would request that the Since Inception amount be adjusted to include the remaining amortization of the above cited cases. This would change South Kentucky's Since Inception under recovery amount from (\$881,647) to (\$1,734,559).

To further substantiate the under recovery of (\$1,734,559), the following is provided to illustrate the effect of the environmental surcharge on South Kentucky's general ledger. These entries are necessary to comply with revenue recognition principles in accordance with Generally Accepted Accounting Principles. Two accounts are utilized. One account, 142.32- Accounts Receivable-Environmental Surcharge is used to track the monthly over and under recovery difference between the amounts paid versus the amounts billed to the consumer.

A second account, 182.31- Other Regulatory Asset- Environmental Surcharge is utilized to track the amortization of the Commission case rulings. Highlighted in yellow are the Case ruling amounts from previous cases. Highlighted in orange are the representative Case amortization (over)/ under recovery amounts that have been included in member billings.

142.32- Accounts Receivable- Environmental Surcharge			182.31- Other Regulatory Asset- Environmental Surcharge		
Accounting Month	Debit	Credit	Accounting Month	Debit	Credit
July-05	\$294,640		July-05		
August-05	\$22,585		August-05		
September-05	\$253,057		September-05		
October-05		(\$18,708)	October-05		
November-05	\$7,790		November-05		
December-05	\$145,714		December-05		
<b>Case No. 2006-00131</b>	<b>\$23,652</b>		<b>Case No. 2006-00131</b>		<b>(\$23,652)</b>
January-06		(\$368,921)	January-06		
February-06	\$149,612		February-06		
March-06		(\$1,473)	March-06		
April-06		(\$101,190)	April-06		
May-06	\$41,068		May-06		
June-06	\$55,292		June-06		
July-06	\$9,943		July-06		
August-06	\$144,883		August-06		
September-06		(\$140,471)	September-06		
October-06		(\$8,522)	October-06		
November-06		(\$102,357)	November-06		
December-06		(\$29,913)	December-06		
January-07	\$38,422		January-07		
February-07	\$61,112		February-07		
March-07		(\$58,912)	March-07		
April-07	\$2,304		April-07		
May-07		(\$104,265)	May-07		
June-07	\$56,715		June-07		
<b>Case No. 2007-00378</b>	<b>\$50,590</b>		<b>Case No. 2007-00378</b>		<b>(\$50,590)</b>
July-07		(\$96,426)	July-07		
August-07	\$118,215		August-07		
<b>Fully Amortize Case 2006-00131</b>		<b>(\$23,652)</b>	<b>Fully Amortize Case 2006-00131</b>	<b>\$23,652</b>	
September-07		(\$83,364)	September-07		
October-07		(\$19,046)	October-07		
November-07		(\$78,096)	November-07		
December-07		(\$40,095)	December-07		
January-08	\$116,587		January-08		
February-08		(\$93,752)	February-08		
March-08		(\$41,691)	March-08		
April-08		(\$48,137)	April-08		
May-08		(\$34,809)	May-08		
June-08	\$31,827		June-08		
July-08	\$58,755		July-08		
August-08	\$10,505		August-08		
September-08		(\$13,743)	September-08		
October-08	\$8,982		October-08		
November-08	\$236,771		November-08		
December-08	\$42,532		December-08		
<b>Case No. 2009-00039</b>	<b>\$150,137</b>		<b>Case No. 2009-00039</b>		<b>(\$150,137)</b>
January-09	\$103,954		January-09		
February-09	\$24,857		February-09		
<b>Fully Amortize Case No. 2001-00378</b>		<b>(\$50,592)</b>	<b>Fully Amortize Case No. 2001-00378</b>	<b>\$50,592</b>	
March-09		(\$48,828)	March-09		
April-09		(\$55,471)	April-09		
May-09		(\$55,779)	May-09		
June-09		(\$46,933)	June-09		
<b>Case No. 2009-00317</b>		<b>(\$33,672)</b>	<b>Case No. 2009-00317</b>	<b>\$33,672</b>	

Witness: Michelle Herrman

142.32- Accounts Receivable- Environmental Surcharge			182.31- Other Regulatory Asset- Environmental Surcharge		
Accounting Month	Debit	Credit	Accounting Month	Debit	Credit
July-09		(\$66,051)	July-09		
August-09		(\$6,993)	August-09		
September-09		(\$114,439)	September-09		
October-09		(\$22,024)	October-09		
November-09		(\$205,363)	November-09		
December-09	\$296,097		December-09		
<b>Case No. 2010-00021</b>	<b>\$73,044</b>		<b>Case No. 2010-00021</b>		<b>(\$73,044)</b>
January-10	\$709,654		January-10		
<b>Fully Amortize Case No. 2009-00039</b>		<b>(\$150,137)</b>	<b>Fully Amortize Case No. 2009-00039</b>	<b>\$150,137</b>	
February-10	\$274,196		February-10		
March-10		(\$461,445)	March-10		
April-10		(\$261,324)	April-10		
<b>Fully Amortize Case No. 2009-00317</b>	<b>\$33,672</b>		<b>Fully Amortize Case No. 2009-00317</b>		<b>(\$33,672)</b>
May-10		(\$168,123)	May-10		
June-10		(\$186,072)	June-10		
<b>Case No. 2010-00319</b>	<b>\$0</b>		<b>Case No. 2010-00319</b>		<b>\$0</b>
July-10	\$18,560		July-10		
August-10	\$504,797		August-10		
September-10	\$9,681		September-10		
October-10		(\$38,311)	October-10		
November-10	\$310,492		November-10		
December-10	\$755,772		December-10		
<b>Case No. 2011-00032</b>		<b>(\$1,560,991)</b>	<b>Case No. 2011-00032</b>	<b>\$1,560,991</b>	
January-11	\$113,232		January-11		
<b>Fully Amortize Case No. 2010-00021</b>		<b>(\$73,044)</b>	<b>Fully Amortize Case No. 2010-00021</b>	<b>\$73,044</b>	
February-11		(\$947,572)	February-11		
March-11		(\$53,944)	March-11		
April-11	\$213,268		April-11		
May-11	\$110,219		May-11		
June-11	\$200,991		June-11		
July-11	\$219,161		July-11		
August-11		(\$90,627)	August-11		
September-11		(\$524,698)	September-11		
October-11		(\$132,384)	October-11		
November-11	\$48,765		November-11		
December-11		(\$129,968)	December-11		
January-12		(\$404,688)	January-12		
February-12		(\$534,999)	February-12		
<b>Fully Amortize Case No. 2011-00032</b>	<b>\$1,560,991</b>		<b>Fully Amortize Case No. 2011-00032</b>		<b>(\$1,560,990)</b>
March-12		(\$163,037)	March-12		
April-12	\$48,377		April-12		
May-12	\$129,016		May-12		
June-12	\$168,384		June-12		

Witness: Michelle Herrman

142.32- Accounts Receivable- Environmental Surcharge			182.31- Other Regulatory Asset- Environmental Surcharge		
Accounting Month	Debit	Credit	Accounting Month	Debit	Credit
<b>Case No. 2012-00486</b>	<b>\$1,730,504</b>		<b>Case No. 2012-00486</b>		<b>(\$1,730,504)</b>
July-12		(\$94,717)	July-12		
August-12		(\$197,921)	August-12		
September-12		(\$156,659)	September-12		
October-12	\$162,784		October-12		
November-12	\$239,715		November-12		
December-12	\$216,165		December-12		
<b>Case No. 2013-00140</b>		<b>(\$169,367)</b>	<b>Case No. 2013-00140</b>	<b>\$169,367</b>	
January-13		(\$320,655)	January-13		
February-13		(\$251,402)	February-13		
March-13		(\$9,309)	March-13		
April-13		(\$77,943)	April-13		
May-13	\$24,310		May-13		
June-13	\$274,234		June-13		
<b>Case No. 2013-00324</b>	<b>\$360,764</b>		<b>Case No. 2013-00324</b>		<b>(\$360,764)</b>
July-13		(\$94,569)	July-13		
August-13		(\$128,388)	August-13		
September-13	\$133,016		September-13		
Amortize		(\$288,417)	Amortize	\$288,417	
October-13	\$198,827		October-13		
Amortize		(\$260,189)	Amortize	\$260,189	
November-13	\$504,087		November-13		
Amortize		(\$260,189)	Amortize	\$260,189	
December-13	\$496,250		December-13		
Amortize		(\$260,189)	Amortize	\$260,189	
	\$12,399,525	(\$10,664,966)		\$3,130,441	(\$3,983,353)
		<b>\$1,734,559</b>			<b>(\$852,912)</b>

Net: \$881,647 at December 2013

Using the Since Inception under-recovery amount of (\$1,734,559) and rolling it forward into these same accounts, the results at September 2014 are as follows. This aligns with the general ledger accounting necessary to properly follow the revenue recognition principles.

Account 142.32			Account 182.31		
	Debit	Credit		Debit	Credit
<b>Case No. 2014-00051 under-recovery</b>		<b>(\$1,734,559)</b>	<b>Case No. 2014-00051 under-recovery</b>	<b>\$1,734,559</b>	
January-14	\$391,661		January-14		
February-14		(\$195,371)	February-14		
March-14		(\$479,070)	March-14		
April-14	\$300,314		April-14		
May-14	\$193,872		May-14		
June-14	\$260,286		June-14		
July-14	\$38,523		July-14		
August-14		(\$9,852)	August-14		
September-14		(\$196,700)	September-14		
Amortize Case 2012-00486		(\$576,834)	Amortize Case 2012-00486	\$576,834	
Amortize Case 2013-00140	\$84,684		Amortize Case 2013-00140		(\$84,684)
Amortize Case 2013-00324		(\$300,635)	Amortize Case 2013-00324	\$300,635	
	\$13,668,865	(\$14,157,987)		\$5,742,469	(\$4,068,037)
		<b>(\$489,121)</b>			<b>\$1,674,432</b>

Net: \$1,185,310 at September 2014  
Agrees to General Ledger

A ruling of an under-recovery of (\$1,734,559) in this proceeding would allow future case filings to be submitted using the amortization exclusion model only. Using actual data, the representative filings would be as follows. This aligns with the balance shown above in account 142.32.

Mo/Yr	Invoice Month recorded Member's Books	Remove Amortization of Previous (Over)/Under Recoveries			Net EKPC Invoice	Retail Consumer & recorded on Member's Books	(Over) or Under	Cumulative (Over) or Under
	(1)	CN 2012- 00486	CN 2013- 00140	CN 2013- 00324		(7)		
Jan-14	\$ 1,652,665	\$ (288,417)	\$ 28,228		\$ 1,392,476	\$ 1,261,004	\$ 131,472	\$ 131,472
Feb-14	\$ 980,590	\$ (288,417)	\$ 28,228		\$ 720,401	\$ 1,175,961	\$ (455,560)	\$ (324,088)
Mar-14	\$ 451,562		\$ 28,228		\$ 479,790	\$ 930,632	\$ (450,842)	\$ (774,930)
Apr-14	\$ 686,917				\$ 686,917	\$ 386,603	\$ 300,314	\$ (474,617)
May-14	\$ 807,073			\$ (60,127)	\$ 746,946	\$ 613,201	\$ 133,745	\$ (340,872)
Jun-14	\$ 1,076,973			\$ (60,127)	\$ 1,016,846	\$ 816,687	\$ 200,159	\$ (140,713)
Jul-14	\$ 1,100,931			\$ (60,127)	\$ 1,040,804	\$ 1,062,407	\$ (21,603)	\$ (162,315)
Aug-14	\$ 1,023,226			\$ (60,127)	\$ 963,099	\$ 1,033,078	\$ (69,979)	\$ (232,295)
Sep-14	\$ 767,671			\$ (60,127)	\$ 707,544	\$ 964,371	\$ (256,827)	\$ (489,121)

In Summary, South Kentucky requests that the under-recovery amount of (\$1,734,559) with the Since Inception Model be used for this proceeding only. It would request that future proceedings utilize the amortization exclusion model. We believe that this complies with the spirit and intent of KRS 278.183, to allow recovery of costs associated with the compliance of environmental requirements.

The dollar impact the under-recovery amount of (\$1,734,559) will have on the average residential customer's monthly bill for a six month amortization period with supporting calculations is as follows.

**South Kentucky RECC - Proposed Alternative Calculation of (Over)/Under Since Inception & with the exclusion of previous (Over)/Under recoveries that were in effect during the review period**

	EKPC Invoice Recorded on Member's Books	Amortization of Previous (Over)/Under Recoveries		Net EKPC Invoice and Amortization of Previous (Over)/Under Recoveries	Billed to Retail Consumer & recorded on Member's Books	Monthly (Over) or Under	Cumulative (Over) or Under
		CN 2012-00486	CN 2013-00140				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Since Inception July 2005- December 2013 (excluding June 2009)							\$ 305,480
June 2009						\$ 535,927	\$ 841,407
Plus Previously Ruled remaining amortization amounts Since Inception total						\$ 852,912	\$ 1,694,319
Jul-13	\$ 1,121,811			\$1,121,811	\$1,216,380	\$ (94,569)	\$ 1,599,750
Aug-13	\$ 1,041,807			\$1,041,807	\$1,170,195	\$ (128,388)	\$ 1,471,362
Sep-13	\$ 890,975	\$ (288,417)		\$ 602,558	\$ 757,959	\$ (155,401)	\$ 1,315,961
Oct-13	\$ 842,623	\$ (288,417)	\$ 28,228	\$ 582,434	\$ 643,795	\$ (61,361)	\$ 1,254,600
Nov-13	\$ 1,199,649	\$ (288,417)	\$ 28,228	\$ 939,460	\$ 695,562	\$ 243,898	\$ 1,498,498
Dec-13	\$ 1,482,101	\$ (288,417)	\$ 28,228	\$1,221,912	\$ 985,851	\$ 236,061	\$ 1,734,559
Jan-14	\$ 1,652,665	\$ (288,417)	\$ 28,228	\$1,392,476	\$1,261,004	\$ 131,472	\$ 1,866,031
Feb-14	\$ 980,590	\$ (288,417)	\$ 28,228	\$ 720,401	\$1,175,961	\$ (455,560)	\$ 1,410,471
Cumulative 6-months (Over)/Under Recovery							\$ 1,734,559
Monthly Recovery (per month for six months)							\$ 289,093

Witness: Michelle Herrman

## South Kentucky RECC Impact on Average Residential Consumer's Bill

Average Residential Account:	Actual	
	Rate	Bill Amount
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08543	
kWh Average Monthly Usage	1,077	\$92.01
Fuel Adjustment	-\$0.00390	-\$4.20
		\$100.63
*Environmental Monthly Charge	7.82%	\$7.87
School Tax	3.00%	\$3.25
<b>Total Monthly Bill</b>		<b>\$111.75</b>

Average Residential Account:	6 Month Recovery	
	Rate	Bill Amount
Consumer Charge	\$12.82	\$12.82
kWh Charge	\$0.08543	
kWh Average Monthly Usage	1,077	\$92.01
Fuel Adjustment	-\$0.00390	-\$4.20
		\$100.63
*Environmental Monthly Charge	10.84%	\$10.91
School Tax	3.00%	\$3.35
<b>Total Monthly Bill</b>		<b>\$114.89</b>
	<b>Impact</b>	<b>\$3.14</b>

\*Based on Rates on Page 16 & 17.

Additional Monthly Recovery of \$289,093 for six months

Over Recovery \$1,734,559/6

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives  
 Pass Through Mechanism Report for South Kentucky RECC

For the Month Ending February 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to South Kentucky	On-peak Revenue Adjustment	EKPC Net Monthly Sales to South Kentucky	EKPC 12-months Ended Average Monthly Revenue from Sales to South Kentucky	South Kentucky Revenue Requirement	Amortization of (Over)/Under Recovery	South Kentucky Net Revenue Requirement	South Kentucky Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	South Kentucky Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	South Kentucky Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (3) x Col. (7)		Col. (8) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Sep-11	12.01%	0.00%	12.01%	\$ 5,845,122		\$ 5,845,122	\$ 6,915,662	\$ 830,571	\$ 260,165	\$ 1,090,736	\$ 9,536,854		\$ 9,536,854	\$9,352,003	11.64%
Oct-11	14.85%	0.00%	14.85%	\$ 5,673,946		\$ 5,673,946	\$ 7,006,173	\$ 1,040,417	\$ 260,165	\$ 1,300,582	\$ 7,318,628		\$ 7,318,628	\$9,351,070	13.91%
Nov-11	15.11%	0.00%	15.11%	\$ 6,632,354		\$ 6,632,354	\$ 7,099,874	\$ 1,072,791	\$ 260,165	\$ 1,332,956	\$ 8,039,947		\$ 8,039,947	\$9,404,788	14.25%
Dec-11	14.21%	0.00%	14.21%	\$ 7,829,382		\$ 7,829,382	\$ 6,933,485	\$ 985,248	\$ 260,165	\$ 1,245,413	\$ 9,438,041		\$ 9,438,041	\$9,402,480	13.24%
Jan-12	12.09%	0.00%	12.09%	\$ 8,445,069		\$ 8,445,069	\$ 6,786,606	\$ 820,501	\$ -	\$ 820,501	\$11,260,653		\$ 11,260,653	\$9,288,986	8.73%
Feb-12	10.78%	0.00%	10.78%	\$ 7,494,679		\$ 7,494,679	\$ 6,735,803	\$ 726,120	\$ -	\$ 726,120	\$10,885,650		\$ 10,885,650	\$9,064,730	7.82%
Mar-12	12.92%	0.00%	12.92%	\$ 5,833,422		\$ 5,833,422	\$ 6,683,282	\$ 863,480	\$ -	\$ 863,480	\$ 9,070,418		\$ 9,070,418	\$8,986,989	9.53%
Apr-12	14.94%	0.00%	14.94%	\$ 5,039,236		\$ 5,039,236	\$ 6,654,446	\$ 994,174	\$ -	\$ 994,174	\$ 7,707,437		\$ 7,707,437	\$8,892,189	11.06%
May-12	16.90%	0.00%	16.90%	\$ 5,774,776		\$ 5,774,776	\$ 6,674,610	\$ 1,128,009	\$ -	\$ 1,128,009	\$ 7,695,942		\$ 7,695,942	\$8,941,421	12.69%
Jun-12	15.55%	0.00%	15.55%	\$ 6,377,242		\$ 6,377,242	\$ 6,651,811	\$ 1,034,357	\$ -	\$ 1,034,357	\$ 8,221,562		\$ 8,221,562	\$8,943,727	11.57%
Jul-12	14.51%	0.00%	14.51%	\$ 7,269,717		\$ 7,269,717	\$ 6,630,839	\$ 962,135	\$ -	\$ 962,135	\$ 9,657,844		\$ 9,657,844	\$9,091,963	10.76%
Aug-12	14.13%	0.00%	14.13%	\$ 6,554,562		\$ 6,554,562	\$ 6,564,126	\$ 927,511	\$ -	\$ 927,511	\$ 9,929,869		\$ 9,929,869	\$9,063,570	10.20%
Sep-12	16.23%	0.00%	16.23%	\$ 5,681,667		\$ 5,681,667	\$ 6,550,504	\$ 1,063,147	\$ -	\$ 1,063,147	\$ 8,915,852		\$ 8,915,852	\$9,011,820	11.73%
Oct-12	17.57%	0.00%	17.57%	\$ 5,651,327		\$ 5,651,327	\$ 6,548,619	\$ 1,150,592	\$ -	\$ 1,150,592	\$ 7,396,071		\$ 7,396,071	\$9,018,274	12.77%
Nov-12	18.23%	0.00%	18.23%	\$ 7,240,850		\$ 7,240,850	\$ 6,599,327	\$ 1,203,057	\$ -	\$ 1,203,057	\$ 8,801,431		\$ 8,801,431	\$9,081,731	13.34%
Dec-12	14.61%	0.00%	14.61%	\$ 7,914,412		\$ 7,914,412	\$ 6,606,413	\$ 965,197	\$ -	\$ 965,197	\$ 9,605,115		\$ 9,605,115	\$9,095,654	10.63%
Jan-13	13.49%	0.00%	13.49%	\$ 8,687,605		\$ 8,687,605	\$ 6,626,625	\$ 893,932	\$ -	\$ 893,932	\$11,917,064		\$ 11,917,064	\$9,150,355	9.83%
Feb-13	12.61%	0.00%	12.61%	\$ 7,993,024		\$ 7,993,024	\$ 6,668,153	\$ 840,854	\$ -	\$ 840,854	\$12,507,964		\$ 12,507,964	\$9,285,547	9.19%
Mar-13	14.37%	0.00%	14.37%	\$ 8,229,515		\$ 8,229,515	\$ 6,867,828	\$ 986,907	\$ -	\$ 986,907	\$ 10,651,391		\$ 10,651,391	\$9,417,295	10.63%
Apr-13	14.27%	0.00%	14.27%	\$ 5,856,204		\$ 5,856,204	\$ 6,935,908	\$ 989,754	\$ -	\$ 989,754	\$10,003,319		\$ 10,003,319	\$9,608,619	10.51%
May-13	17.97%	0.00%	17.97%	\$ 5,862,754		\$ 5,862,754	\$ 6,943,240	\$ 1,247,700	\$ -	\$ 1,247,700	\$ 7,640,542		\$ 7,640,542	\$9,604,002	12.99%
Jun-13	17.09%	0.00%	17.09%	\$ 6,435,598		\$ 6,435,598	\$ 6,948,103	\$ 1,187,431	\$ -	\$ 1,187,431	\$ 8,393,400		\$ 8,393,400	\$9,618,322	12.36%
Jul-13	15.77%	0.00%	15.77%	\$ 6,564,126		\$ 6,564,126	\$ 6,889,304	\$ 1,086,443	\$ (288,417)	\$ 798,026	\$ 9,363,789		\$ 9,363,789	\$9,593,817	8.30%
Aug-13	15.49%	0.00%	15.49%	\$ 6,606,279		\$ 6,606,279	\$ 6,893,613	\$ 1,067,821	\$ (260,189)	\$ 807,632	\$ 9,466,625		\$ 9,466,625	\$9,555,214	8.42%
Sep-13	14.93%	0.00%	14.93%	\$ 5,751,961		\$ 5,751,961	\$ 6,899,471	\$ 1,030,091	\$ (260,189)	\$ 769,902	\$ 9,129,819		\$ 9,129,819	\$9,573,044	8.06%
Oct-13	16.69%	0.00%	16.69%	\$ 5,643,820		\$ 5,643,820	\$ 6,898,846	\$ 1,151,417	\$ (260,189)	\$ 891,228	\$ 7,646,594		\$ 7,646,594	\$9,593,921	9.31%
Nov-13	17.43%	0.00%	17.43%	\$ 7,187,844		\$ 7,187,844	\$ 6,894,429	\$ 1,201,699	\$ (260,189)	\$ 941,510	\$ 8,629,346		\$ 8,629,346	\$9,579,581	9.81%
Dec-13	14.54%	0.00%	14.54%	\$ 8,503,162		\$ 8,503,162	\$ 6,943,491	\$ 1,009,584	\$ (260,189)	\$ 749,395	\$ 10,585,938		\$ 10,585,938	\$9,661,316	7.82%
Jan-14	10.92%	0.00%	10.92%	\$ 11,366,310		\$ 11,366,310	\$ 7,166,716	\$ 782,605	\$ 28,228	\$ 810,833	\$12,851,992		\$ 12,851,992	\$9,739,227	8.39%
Feb-14	5.44%	0.00%	5.44%	\$ 8,979,796		\$ 8,979,796	\$ 7,248,947	\$ 394,343	\$ -	\$ 394,343					4.05%

Notes:

South Kentucky Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.  
 Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

Witness: Michelle Herman

East Kentucky Power Cooperative, Inc. - Distribution Cooperatives  
 Pass Through Mechanism Report for South Kentucky RECC

For the Month Ending February 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Surcharge Factor Expense Month	EKPC CESF %	EKPC BESF %	EKPC MESF %	EKPC Monthly Revenues from Sales to South Kentucky	On-peak Revenue Adjustment	EKPC Net Monthly Sales to South Kentucky	EKPC 12-months Ended Average Monthly Revenue from Sales to South Kentucky	South Kentucky Revenue Requirement	Amortization of (Over)/Under Recovery	South Kentucky Net Revenue Requirement	South Kentucky Total Monthly Retail Revenues	On-Peak Retail Revenue Adjustment	South Kentucky Net Monthly Retail Revenues	12-months ended Avg. Retail Revenues, Net	South Kentucky Pass Through Mechanism Factor
			Col. (1) - Col. (2)			Col. (4) - Col. (5)		Col. (3) x Col. (7)		Col. (8) + Col. (9)			Col. (11) - Col. (12)		Col. (10) / Col. (14)
Sep-11	12.01%	0.00%	12.01%	\$ 5,845,122		\$ 5,845,122	\$ 6,915,662	\$ 830,571	\$ 260,165	\$ 1,090,736	\$ 9,536,854		\$ 9,536,854	\$ 9,352,003	11.64%
Oct-11	14.85%	0.00%	14.85%	\$ 5,673,946		\$ 5,673,946	\$ 7,006,173	\$ 1,040,417	\$ 260,165	\$ 1,300,582	\$ 7,318,628		\$ 7,318,628	\$ 9,351,070	13.91%
Nov-11	15.11%	0.00%	15.11%	\$ 6,632,354		\$ 6,632,354	\$ 7,099,874	\$ 1,072,791	\$ 260,165	\$ 1,332,956	\$ 8,039,947		\$ 8,039,947	\$ 9,404,788	14.25%
Dec-11	14.21%	0.00%	14.21%	\$ 7,829,382		\$ 7,829,382	\$ 6,933,485	\$ 985,248	\$ 260,165	\$ 1,245,413	\$ 9,438,041		\$ 9,438,041	\$ 9,402,480	13.24%
Jan-12	12.09%	0.00%	12.09%	\$ 8,445,069		\$ 8,445,069	\$ 6,786,606	\$ 820,501	\$ -	\$ 820,501	\$ 11,260,653		\$ 11,260,653	\$ 9,288,986	8.73%
Feb-12	10.78%	0.00%	10.78%	\$ 7,494,679		\$ 7,494,679	\$ 6,735,803	\$ 726,120	\$ -	\$ 726,120	\$ 10,885,650		\$ 10,885,650	\$ 9,064,730	7.82%
Mar-12	12.92%	0.00%	12.92%	\$ 5,833,422		\$ 5,833,422	\$ 6,683,282	\$ 863,480	\$ -	\$ 863,480	\$ 9,070,418		\$ 9,070,418	\$ 8,986,989	9.53%
Apr-12	14.94%	0.00%	14.94%	\$ 5,039,236		\$ 5,039,236	\$ 6,654,446	\$ 994,174	\$ -	\$ 994,174	\$ 7,707,437		\$ 7,707,437	\$ 8,892,189	11.06%
May-12	16.90%	0.00%	16.90%	\$ 5,774,776		\$ 5,774,776	\$ 6,674,610	\$ 1,128,009	\$ -	\$ 1,128,009	\$ 7,695,942		\$ 7,695,942	\$ 8,941,421	12.69%
Jun-12	15.55%	0.00%	15.55%	\$ 6,377,242		\$ 6,377,242	\$ 6,651,811	\$ 1,034,357	\$ -	\$ 1,034,357	\$ 8,221,562		\$ 8,221,562	\$ 8,943,727	11.57%
Jul-12	14.51%	0.00%	14.51%	\$ 7,269,717		\$ 7,269,717	\$ 6,630,839	\$ 962,135	\$ -	\$ 962,135	\$ 9,657,844		\$ 9,657,844	\$ 9,091,963	10.76%
Aug-12	14.13%	0.00%	14.13%	\$ 6,554,562		\$ 6,554,562	\$ 6,564,126	\$ 927,511	\$ -	\$ 927,511	\$ 9,929,869		\$ 9,929,869	\$ 9,063,570	10.20%
Sep-12	16.23%	0.00%	16.23%	\$ 5,681,667		\$ 5,681,667	\$ 6,550,504	\$ 1,063,147	\$ -	\$ 1,063,147	\$ 8,915,852		\$ 8,915,852	\$ 9,011,820	11.73%
Oct-12	17.57%	0.00%	17.57%	\$ 5,651,327		\$ 5,651,327	\$ 6,548,619	\$ 1,150,592	\$ -	\$ 1,150,592	\$ 7,396,071		\$ 7,396,071	\$ 9,018,274	12.77%
Nov-12	18.23%	0.00%	18.23%	\$ 7,240,850		\$ 7,240,850	\$ 6,599,327	\$ 1,203,057	\$ -	\$ 1,203,057	\$ 8,801,431		\$ 8,801,431	\$ 9,081,731	13.34%
Dec-12	14.61%	0.00%	14.61%	\$ 7,914,412		\$ 7,914,412	\$ 6,606,413	\$ 965,197	\$ -	\$ 965,197	\$ 9,605,115		\$ 9,605,115	\$ 9,095,654	10.63%
Jan-13	13.49%	0.00%	13.49%	\$ 8,687,605		\$ 8,687,605	\$ 6,626,625	\$ 893,932	\$ -	\$ 893,932	\$ 11,917,064		\$ 11,917,064	\$ 9,150,355	9.83%
Feb-13	12.61%	0.00%	12.61%	\$ 7,993,024		\$ 7,993,024	\$ 6,668,153	\$ 840,854	\$ -	\$ 840,854	\$ 12,507,964		\$ 12,507,964	\$ 9,285,547	9.19%
Mar-13	14.37%	0.00%	14.37%	\$ 8,229,515		\$ 8,229,515	\$ 6,867,828	\$ 986,907	\$ -	\$ 986,907	\$ 10,651,391		\$ 10,651,391	\$ 9,417,295	10.63%
Apr-13	14.27%	0.00%	14.27%	\$ 5,856,204		\$ 5,856,204	\$ 6,935,908	\$ 989,754	\$ -	\$ 989,754	\$ 10,003,319		\$ 10,003,319	\$ 9,608,619	10.51%
May-13	17.97%	0.00%	17.97%	\$ 5,862,754		\$ 5,862,754	\$ 6,943,240	\$ 1,247,700	\$ -	\$ 1,247,700	\$ 7,640,542		\$ 7,640,542	\$ 9,604,002	12.99%
Jun-13	17.09%	0.00%	17.09%	\$ 6,435,598		\$ 6,435,598	\$ 6,948,103	\$ 1,187,431	\$ -	\$ 1,187,431	\$ 8,393,400		\$ 8,393,400	\$ 9,618,322	12.36%
Jul-13	15.77%	0.00%	15.77%	\$ 6,564,126		\$ 6,564,126	\$ 6,889,304	\$ 1,086,443	\$ (288,417)	\$ 798,026	\$ 9,363,789		\$ 9,363,789	\$ 9,593,817	8.30%
Aug-13	15.49%	0.00%	15.49%	\$ 6,606,279		\$ 6,606,279	\$ 6,893,613	\$ 1,067,821	\$ (260,189)	\$ 807,632	\$ 9,466,625		\$ 9,466,625	\$ 9,555,214	8.42%
Sep-13	14.93%	0.00%	14.93%	\$ 5,751,961		\$ 5,751,961	\$ 6,899,471	\$ 1,030,091	\$ (260,189)	\$ 769,902	\$ 9,129,819		\$ 9,129,819	\$ 9,573,044	8.06%
Oct-13	16.69%	0.00%	16.69%	\$ 5,643,820		\$ 5,643,820	\$ 6,898,846	\$ 1,151,417	\$ (260,189)	\$ 891,228	\$ 7,646,594		\$ 7,646,594	\$ 9,593,921	9.31%
Nov-13	17.43%	0.00%	17.43%	\$ 7,187,844		\$ 7,187,844	\$ 6,894,429	\$ 1,201,699	\$ (260,189)	\$ 941,510	\$ 8,629,346		\$ 8,629,346	\$ 9,579,581	9.81%
Dec-13	14.54%	0.00%	14.54%	\$ 8,503,162		\$ 8,503,162	\$ 6,943,491	\$ 1,009,584	\$ 28,904	\$ 1,038,488	\$ 10,585,938		\$ 10,585,938	\$ 9,661,316	10.84%
Jan-14	10.92%	0.00%	10.92%	\$ 11,366,310		\$ 11,366,310	\$ 7,166,716	\$ 782,605	\$ 28,228	\$ 810,833	\$ 12,851,992		\$ 12,851,992	\$ 9,739,227	8.39%
Feb-14	5.44%	0.00%	5.44%	\$ 8,979,796		\$ 8,979,796	\$ 7,248,947	\$ 394,343	\$ -	\$ 394,343					4.05%

Notes:  
 South Kentucky Total Monthly Retail Revenues in Column (11) includes demand and energy charges, customer charges, and FAC revenues.  
 Revenues reported in Columns (4), (6), (7), (11), (13), and (14) are net of Green Power Revenues.

	Monthly Amortization
Case 2012-00486	(\$288,417)
Case 2013-00140	\$28,228
Case 2014-00051	\$289,093
Monthly Total Amount	\$28,904

Witness: Michelle Herman